

OHIO POWER CO
Form 8-K
August 24, 2006

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported) August 24, 2006

AMERICAN ELECTRIC POWER COMPANY, INC.
(Exact Name of Registrant as Specified in Its Charter)

New York
(State or Other Jurisdiction of Incorporation)

1-3525 13-4922640
(Commission File Number) (IRS Employer Identification No.)

APPALACHIAN POWER COMPANY
(Exact Name of Registrant as Specified in Its Charter)

Virginia
(State or Other Jurisdiction of Incorporation)

1-3457 54-0124790
(Commission File Number) (IRS Employer Identification No.)

COLUMBUS SOUTHERN POWER COMPANY
(Exact Name of Registrant as Specified in Its Charter)

Ohio
(State or Other Jurisdiction of Incorporation)

1-2680 31-4154203
(Commission File Number) (IRS Employer Identification No.)

INDIANA MICHIGAN POWER COMPANY
(Exact Name of Registrant as Specified in Its Charter)

Indiana
(State or Other Jurisdiction of Incorporation)

1-3570 35-0410455
(Commission File Number) (IRS Employer Identification No.)

KENTUCKY POWER COMPANY
(Exact Name of Registrant as Specified in Its Charter)

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Kentucky
(State or Other Jurisdiction of Incorporation)

1-6858
(Commission File Number)

61-0247775
(IRS Employer Identification No.)

OHIO POWER COMPANY
(Exact Name of Registrant as Specified in Its Charter)

Ohio
(State or Other Jurisdiction of Incorporation)

1-6543
(Commission File Number)

31-4271000
(IRS Employer Identification No.)

1 Riverside Plaza, Columbus, OH
(Address of Principal Executive Offices)

43215
(Zip Code)

614-716-1000
(Registrant's Telephone Number, Including Area Code)

None
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM OTHER EVENTS
8.01

As previously disclosed in Note 3, RATE MATTERS, to the financial statements of American Electric Power Company, Inc., Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company and Ohio Power Company (collectively, the "AEP East Companies") under "Transmission Rate Proceedings at the FERC- SECA Revenue Subject to Refund" in the Quarterly Report on Form 10-Q for the period ended June 30, 2006, hearings were held before an administrative law judge ("ALJ") at the Federal Energy Regulatory Commission ("FERC") in May 2006 to determine whether any of the Seams Elimination Cost Allocations ("SECA") revenues which the AEP East Companies had recognized should be refunded. The AEP East Companies collected SECA charges from December 1, 2004 through March 31, 2006. The SECA rates were established by the FERC to replace revenues that would otherwise be lost from FERC's elimination of rates for through-and-out transmission service .

On August 10, 2006, the ALJ issued an initial decision finding that the rate design for the recovery of SECA charges was flawed and included items that were expressly excluded by the FERC. The ALJ found that the SECA rates charged were unfair, unjust and discriminatory. The AEP East Companies recorded approximately \$220 million of SECA revenues, subject to refund and have reached settlements with certain customers related to approximately \$70 million of such revenues. The unsettled SECA revenues total approximately \$150 million. If the ALJ's initial decision is upheld in its entirety, it would disallow \$126 million of the AEP East Companies' unsettled SECA revenues. The AEP East Companies have previously provided for a total of \$22 million for possible refund, of which approximately \$15 million relates to SECA revenues which have not been settled with the remaining parties. The AEP East Companies believe that major portions of the ALJ's findings either conflict with previous FERC decisions or are without merit, or both. The AEP Companies must file exceptions to the initial decision by September 11, 2006 and replies to the exceptions must be filed by October 2, 2006. The AEP East Companies will appeal the ALJ's decision vigorously.

This report made by AEP and certain of its subsidiaries contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Although AEP and each of its registrant subsidiaries believe that their expectations are based on reasonable assumptions, any such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Among the factors that could cause actual results to differ materially from those in the forward-looking statements are: electric load and customer growth; weather conditions, including storms; available sources and costs of, and transportation for, fuels and the creditworthiness of fuel suppliers and transporters; availability of generating capacity and the performance of AEP's generating plants; the ability to recover regulatory assets and stranded costs in connection with deregulation; the ability to build or acquire generating capacity when needed at acceptable prices and terms and to recover those costs through applicable rate cases or competitive rates; the ability to recover increases in fuel and other energy costs through regulated or competitive electric rates; new legislation, litigation and government regulation including requirements for reduced emissions of sulfur, nitrogen, mercury, carbon and other substances; timing and resolution of pending and future rate cases, negotiations and other regulatory decisions (including rate or other recovery for new investments, transmission service and environmental compliance); resolution of litigation (including pending Clean Air Act enforcement actions and disputes arising from the bankruptcy of Enron Corp. and related matters); AEP's ability to constrain its operation and maintenance costs; AEP's ability to sell assets at acceptable prices and on other acceptable terms, including rights to share in earnings derived from the assets subsequent to their sale; the economic climate and growth in AEP's service territory and changes in market demand and demographic patterns; inflationary and interest rate trends; AEP's ability to develop and execute a strategy based on a view regarding prices of electricity, natural gas, and other energy-related commodities; changes in the creditworthiness of the counterparties with whom AEP has contractual arrangements, including participants in the energy trading market; changes in the financial markets, particularly those affecting the availability of capital and AEP's ability to refinance existing debt at attractive rates; actions of rating agencies, including changes in the ratings of debt; volatility and changes in markets for electricity, natural gas, and other energy-related commodities; changes in utility regulation, including implementation of EPACT and membership in and integration into regional transmission structures; accounting pronouncements periodically issued by accounting standard-setting bodies; the performance of AEP's pension and other postretirement benefit plans; prices for power that AEP generates and sells at wholesale; changes in technology, particularly with respect to new, developing or alternative sources of generation, and other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes and other catastrophic events.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERICAN ELECTRIC POWER COMPANY, INC.
APPALACHIAN POWER COMPANY
COLUMBUS SOUTHERN POWER COMPANY
INDIANA MICHIGAN POWER COMPANY

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KENTUCKY POWER COMPANY
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By: /s/ Thomas G. Berkemeyer
Name: Thomas G. Berkemeyer

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